

End the 'Luxury' Tax on Beer

June 16, 2003

Dear Colleague:

We wanted to let you know about George Will's commentary on ABC News entitled "Beer Rights—Are Lawmakers Biased Against Joe Sixpack?" We have enclosed it for your review.

Will sums up the problem: Because the federal government has considered beer a "luxury" item, it has imposed a crushing tax on consumers and brewers alike. In 1991, the federal government doubled the excise tax on beer while it was simultaneously adding equally destructive "luxury" taxes on boats, jewelry, furs, and autos. Those luxury taxes have now expired, but this 100 percent increase on beer remains.

The case for ending the "luxury" tax on beer is now obvious:

- **Benefits the poorest consumers.** Middle- and lower-income Americans are hit hardest by this confiscatory tax. *The less expensive the brand, the higher the tax rate.* According to a March 31, 2003 PriceWaterhouseCoopers study, households earning under \$10,000 spend 9 times more proportionally on the "luxury" tax on beer than households earning over \$70,000. Because the 90 million average Americans who indulge in the "luxury" of purchasing beer are now paying some of the steepest tax rates in our society, it is high time that Congress put an end to this onerous tax.
- **Revitalizes economic growth.** Ending the "luxury" tax on beer will strengthen our economy and create jobs. According to an April 8, 2003 PriceWaterhouseCoopers analysis, repealing this burdensome tax will provide \$7.5 billion in additional GDP growth during 2004-2008, and create an average of 21,634 jobs per year. Ending this obstacle to economic growth will strengthen production in the factories and the fields, increase consumer spending, and promote business expansion.

Because of the tax's regressive nature and its negative impact on the economy, Congress should repeal the "luxury" tax on beer and prove that—once and for all—Joe Sixpack is our friend. If you want to learn more about our efforts to end the "luxury" tax on beer, please contact Muhammad Hutasukut of Rep. Christopher Cox's staff at (202) 225-5611 or Ryan Dunlavey of Rep. Phil English's staff at (202) 225-5406.

Sincerely,

Christopher Cox
U.S. Representative

Phil English
U.S. Representative



George Will gives a weekly commentary on *This Week With George Stephanopoulos*. (ABCNEWS.com)

Beer Rights

Will: Are Lawmakers Biased Against Joe Sixpack?

Commentary
By George Will
abcNEWS.com

May 18

— Politicians express devotion to the common man by saying, "We care about Joe Sixpack" — and "Jane Sixpack," of course — meaning beer drinkers.

Most beer is consumed in households with annual incomes less than \$45,000.

So why is beer taxed so heavily? The federal tax alone is \$18 a barrel.

It was only \$9 until 1991, until the first President Bush, the man who had said this — "Read my lips: No new taxes" — agreed to a slew of tax increases.

They included so-called "luxury taxes" on yachts, jewelry, private planes — and beer, for Pete's sake.

Democrats demanded these luxury taxes — Democrats, who supposedly are defenders of the toiling masses.

Medicine for the Masses

So, why not cut the beer tax today?

Taxing beer at all is a seriously bad idea, like taxing the elemental necessities of life, such as bread or salt. Or beer pretzels, which are just bread and salt.

Today, 44 percent of the cost of beer is taxes. The doubling of the beer tax is the only one of the so-called "luxury" taxes imposed in 1991 that has not been repealed.

Cutting the tax back to \$9 would knock a buck and quarter off the price of a case of beer.

Every year for the last ten years Rep. Chris Cox, R-Calif., has introduced legislation to repeal the "luxury tax" on beer.

Now, Cox notes that the *New England Journal of Medicine* reports that drinking one or two beers a day can substantially reduce the risk of heart attack.

So beer is health food — medicine for the masses.

The surgeon general should label the beer tax as harmful to the nation's health.

The next time you hear politicians complaining about tax cuts that favor the rich, ask them where they stand on repealing the "luxury tax" on beer.

